here, but one point should be emphasized - in policy evaluation, it is important to ask the question, "how could the inputs that we give up in order to implement this proposal be alternatively used, and what would their value be in that use?"

Often, it is claimed that government intervention on behalf of environmental protection will cause the loss of jobs, economic development opportunities, and personal assets. The underlying concerns here are often real enough, but such a statement can be misleading. In most cases, restrictions on the use of an individual's resource assets (like their land, their labor, their ideas or their capital) will restrict their *best* use, but they often may be used in some alternative way. These "next-best" uses may be nearly as remunerative or satisfying as the use that would have been chosen without the restriction (the "best" use), or in some cases they may be very poor alternatives from the perspective of the decision maker. The correct measure of value for a particular resource or set of resources in a particular use is the *difference* between their value in that use and their value in the next most productive use.

From the perspective of society, regulations may cause some losses but they will be offset to some extent by the gains created when resources are redeployed somewhere else. If environmental policies create restrictions to economic activities in an area, the demand for the products generated may be met with production somewhere else. Jobs "lost" in one place will be offset to some extent by jobs created where production can take place. Of course, this is small comfort to the "losers" in these situations. If the benefits of environmental protection do not, in their eyes, offset these losses, then they truly are left worse-off than before. This may be the case even if from the perspective of society as a whole the total benefits outweigh the total opportunity costs. Often, the strong feelings surrounding environmental policy are based on such issues of fairness, basic rights, or distribution of costs and benefits. These are legal, ethical and political questions about which assumptions must be made in the development of a quantitative economic impact assessment.

One final point should be made to clarify how the economic impacts of policy are judged. We are less interested in total net benefits *per se* of the system of production that policy affects than we are in the *change* - increase or decrease - in total net benefits that occurs as a result of a policy. Statements such as "wetlands are worth $X million to the economy" made in support or in opposition of an action can be misunderstood because they seem to refer to the total net benefits of the resources without reference to the change of value that action will cause.

In order to value the incremental effect of a policy or action it is necessary to know how well off we will be both "with" and "without" that policy or action. Most policy debate tends to focus on the "with" case, and we implicitly compare this case with our current state of welfare. But it may be that "without" the policy we will be better or worse off than we are now. Comparing the costs of fishing restrictions, for instance, against the current state of fishing activities ignores the possibility that without restrictions fish populations might